



9th November 2015

The week gone by

Global **equities** (in euro terms) were well ahead last week but much of the gains related to euro currency weakness, as markets price in further monetary easing in the eurozone. Investors continue to focus on China as well as the timing of US interest rate rises. There is now a 75% chance of lift-off of US rates in December 2015 following more hawkish comments from the Federal Reserve. Euro currency weakness has significantly improved returns for eurozone investors in 2015 (see table below). Equities remain reasonably valued on a yield basis compared to cash and bonds.

The global index (in euro terms) rose by 2.8% last week and has given a total return year-to-date of plus 13.8%. Technically, the Index has pushed through the critical 200-day moving average on the upside and is now 16.2% higher than the low on 24th August. There was a mixed bag of returns amongst the major equity **markets** in local currency terms last week ranging from plus 2.7% in Ireland to minus 0.5% in Australia. The influential US market was up 1.0% on the week.

Eurozone **bond** prices were down by close to 2% on the week. Overall, eurozone bonds have given a return of plus 1.2% year-to-date. Bonds reacted adversely to the increased chance of a US rate hike in December as well as strong US payrolls data; this despite an expected small rate cut in the eurozone. The German 10-year bond yield rose from 0.52% to 0.69% last week. Equivalent US yields rose from 2.14% to 2.33%. **Commodity** prices in general were down by 2.4% (in dollar terms) last week, with oil prices off 5%, and are down by 17.0% so far in 2015.

	Index	1 Week Return 30.10.15 to 06.11.15		Year to Date Return 31.12.14 to 06.11.15	
		Local Currency %	Euro %	Local Currency %	Euro %
Global (euro)	FTSE World (total return)	2.8	2.8	13.8	13.8
US	S&P 500	1.0	3.6	2.0	14.9
Europe	FT/S&P Europe Ex. U.K.	1.5	1.5	12.9	12.9
Ireland	ISEQ	2.7	2.7	26.3	26.3
UK	FTSE 100	-0.1	-0.2	-3.2	9.2
Japan	Topix	0.4	0.9	11.1	21.8
Hong Kong	Hang Seng	1.0	3.6	-3.1	9.2
Australia	S&P/ASX 200	-0.5	0.6	-3.6	-6.5
Bonds	Merrill Lynch Euro over 5 year	-1.9	-1.9	1.2	1.2

The week ahead

- The US Q3 earnings' results season has largely wrapped with just a handful of consumer discretionary companies due to report this week. It is expected that the November preliminary University of Michigan consumer sentiment index (Friday) will print at 91.0 (last: 90.0).
- It is likely that euro area preliminary Q3 GDP (Friday) will come in at 0.4% quarter-on-quarter (last: 0.4%).

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurichlife.ie

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